

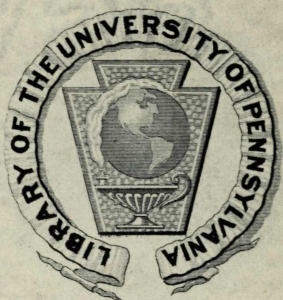
Posselt, E.,

An economical war  
will throw Germany  
on her knees.

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GIFT OF

*J. M. Beck.*

192  
Hans Jans M Beck

' An economical  
war will  
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= A SPEECH =

made on the 11<sup>th</sup> of May 1912  
by Herr E. POSSEHL, a  
wholesale tradesman (of Lü-  
beck), at the first meeting of  
the General Direction of the  
« *Deutscher Werkverein* » in  
Berlin (House of the Profes-  
sor's Union).







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Possehl, E.  
III

*"An economical  
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Note:

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*Eur. war 1914 - date Econ. aspects,*  
*" " - Commercial "*  
*Ger. - Hist. - Eur. war 1914 - date*

The  
**Economical consequences**  
**of the war**  
**for the German Empire**

**A SPEECH**

MADE IN BERLIN ON THE 11<sup>th</sup> OF MAY 1912  
by Herr POSSEHL, a wholesale trader of Lübeck,

Gentlemen,

In the autumn of last year, when the discussions on the Morocco affair were shedding, as it were lightning-flashes of intense light on the political situation, I, as a German as well as a hanseatic tradesman, wondered from which direction would come the greatest peril threatening us in case of war : whether from England, because of a war waged essentially against our trade and industry, or from France, because of



German Empire. Their outlet within the country is momentarily stopped ; towards foreign markets by sea, it is stopped altogether. In the same way, the importation of raw products for our industry will also be stopped and cut short. There is nothing like figures to enable us to study accurately that very important economical question. I will ground my conclusions on statistics, mostly from official sources, and, lacking those, on careful calculations.

## IRON AND STEEL INDUSTRIES

We have, first, our own industries, those of iron and steel, with 400,000 workmen, besides the colliers, 700,000 in number, of which I may speak with full personal knowledge. They require even now, as raw material imported from foreign countries, more than 12 million tons of ore from Sweden, Spain, France, the Mediterranean and Southern Russia with Black Sea. The working of the mines of German ore cannot make up for the loss of those. Our richest ore-mines are in what is called the " Minette " district in Luxembourg and in German Lorraine. Consequently, the situation I described just now about the work of blast-furnaces on the shore applies likewise to the great metal-industry in

the Rhine-country, Westphalia and Silesia : the raw material is lacking, and therefore the work must be stopped. Now the cutting-off of the exportation of our industrial products, exportation, which in the Rhine and Westphalia metal industry, concerns half the total production, acts exactly in the same way, in the case of an English blockade of the sea.

## **TEXTILE INDUSTRY**

Then, there comes the great German textile industry (16,000 factories with 900,000 hands, women included), which imports huge amounts of cotton, wool, raw silk, silk-materials and thread, most of them raw materials from over the sea, in order to export them as manufactured produce. The total value of imports and exports is nearly 120 millions pounds sterling a year. Here again there is no possible compensation for the loss of materials.

## **THE MACHINE-INDUSTRY**

We may now mention the German business of machine-construction, which, with 20,000 factories and 900,000 workmen, gives, of itself, to German exportation 25 millions pounds sterling.

## OTHER INDUSTRIES

The industry of chemicals, the work on iron, on food and drink, on rubber, leather and paper; on stone and earthenware, on wood and carved products, and many others, give an occupation to crowds of people, each for its own part to hundreds of thousands of workmen, and thus they contribute to a very large extent, in making the economical prosperity of the German people. *Now, none of the great German industries can exist, except by and through the sea-trade, either for exportation or importation, and in most cases, for both.*

## SEVERAL MILLIONS OF MEN TAKEN FROM THE INDUSTRY AND TRADE

Altogether, we reach this year in the German Empire the figure of 300,000 (three hundred thousand) factories and industrial firms in full work (in 1912, 180,000 factories) with  $6\frac{1}{2}$  millions of workmen, the quarter of this number consisting in young men and women.

Then there is the trade, business and building-industry, occupying  $3\frac{1}{2}$  millions of workmen. Agriculture occupies altogether  $7\frac{1}{2}$  millions



hands, out of whom 60 per cent are women. A great war, into which Germany might be drawn, would call under the colours one million of workmen from our industry, besides two millions (1) of other soldiers of all trades and professions, in town and in the country.

### **THE BLOCKADE**

#### **NO MORE BREAD FOR OUR WORKMEN**

A blockade of the ports, from the Low-Countries to the Baltic Sea would result in the momentary stoppage of the greastest part of that mighty industry. I am fully convinced that, if a long war with blockade of the sea-shore were to happen, a third part of our factory-workmen, perhaps even more would be in want of bread, even if agriculture might for a time employ many workmen from the towns to take the place of country labourers called into the army, even, besides, if the output of some industries is intensified by the needs of the army ; there will be still without any employment about one million of workmen belonging to industry (building-industry included) and trade, which is indeed a very important figure.

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(1) These figures are far below the truth, since Germany now boasts having more than 4 millions of men in arms.

## SEA-TRADE

It is as plain as 2 and 2 make 4 that our sea traffic (1911 : 3,000,000 tons net, out of which 80 per cent of steamers ; 1871 : 1,000,000 tons net, out of which 8 per cent steamers) with such an unfavourable situation, strategically speaking, without sufficient cables, without coaling stations or naval bases, scattered throughout the world, will be amongst the first things to disappear. In my own business, a great number of steamers are transporting my iron-ore. Since they fly German pavilion and sail through the Baltic Sea, through the North Sea (starting from Narvik in the north of Norway and Luleå in the Swedish Norrbotten) I must always expect their being captured, especially in the North Sea by some English rapid cruisers ; they will even go and throw themselves into the net. And the situation will be exactly the same for most of the other German steamers which might be unable to take refuge in a neutral port. **In case of war, German navigation and sea-trade are dead.**

To realize fully the meaning of all this, we must bear in mind that in 1911, the German import trade reached 9,7 milliards, the export-trade 8,1 milliards merely for the traffic of goods (England in 1911 : 21 milliards of marks in all ; France in 1911 : 11,4 millions of marks).

Out of these 18 milliards, 5 cross our land-frontiers, the 13 others cross the seas and are therefore at the mercy of England's maritime power. Never before has sea-power had such an important meaning for the economical life of nations, and the importance of that power does nothing but increase every year, owing to the nature of modern commercial intercourse between nations.

## **THE COMMANDING GEOGRAPHICAL SITUATION OF ENGLAND**

We must add to this the geographical situation of England in the world, at the end of the Channel, her situation quite as good opposite the North Sea, whereas Germany has quite a secondary position in the North Sea and can make up for that deficiency only in the Baltic Sea, which plays an unimportant part in the trade of the world.

## **AGRICULTURE**

The questions examined till now, concerning only industry and our commercial navy, are indeed very important in time of war. But agriculture suggests many other questions worth examining.



## CEREALS

The consumption of corn of all kinds rose, in 1910-1911, according to Dade, the General Secretary of the German Board of Agriculture, from the month of February of that year (without including the amount required for sowing) to 29 millions of tons. The importation, that is to say, the difference between the amounts imported and exported, reached nearly 6 millions of tons, i. e. about 16 per cent (1) of German consumption. During the last twenty-five years, German agriculture has succeeded in increasing greatly its production; we must acknowledge it and praise the German agrarian policy for it. The production was 18 million tons in 1885-86 and 25  $\frac{1}{2}$  millions in 1910-11. But, twenty-five years ago, we were indebted to importation only for 6 per cent, instead of the 16 per cent, of last year.

## WE STAND IN A CRITICAL SITUATION

The population and the consumption per head have increased, without any corresponding in-

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(1) From a verification of Dade's figures there results that in 1910-1911, there has been about 20 per cent of extra importation. We shall take no account of this new fact in our conclusions, because it has happened accidentally and only for one year.

crease of the agricultural production. Now, in case of war, we stand in a critical situation. Suppose the war breaking out in the spring two or three months before the harvesting-season. The whole western side of the empire, as well as the shore of the North Sea are closed to the transport of corn ; Austria-Hungary has nothing to spare for exportation ; all that remains are the grain coming from Russia or from the north-States of the Balkans, or by the indirect, very expensive way, perhaps even closed by England, via Genoa and Trieste in the Mediterranean, or via some ports on the Swedish or Danish shores of the Baltic.

### **ENGLAND MUST BLOCKADE THE PORTS OF HOLLAND**

*I give up at once the idea of Dutch ports, because England would renounce her own power if she respected their neutrality. A third part of German importation and exportation by sea is carried on through Dutch and Belgian ports. Suppose now Russia, as the ally of England, forbidding the exportation of corn to Germany ; this may be in some cases, the most powerful means of attack she may direct against us. It goes then without saying that the corn would rise to famine-*

prices; 16 per cent of the importation being, comparatively, either directly or indirectly for the feeding of cattle, the necessary food to 10 millions of Germans. In the country we cannot keep such an amount of reserves ; then.....

## MEAT

Cattle-breeding *requires huge quantities of foreign fodder*, in the shape of bran, residues from oil-mills, flower-mills, breweries, distilleries, and also corn used as fodder. The number of the 19<sup>th</sup> of March of this year's *Tag* tells us that German agriculture needs *one milliard* of fodder, yearly. Fortunately, German agriculture can supply our need of cattle for the butchery, but only on condition that the importation of foreign fodder should take place without hindrance.

## POTATOES

There is only the great German potato-culture which may be a compensation for us, in the worst of cases and even then a drought, as in 1911 or a continuous damp season may deprive us of this help.



## THE BALTIC SEA

Let us suppose, however, that Russia will keep towards Germany a neutral attitude, so that trade may be continued either way ; even then, it will be our commercial interest and a question of life and death to keep the Baltic Sea clear of foreign hostile ships. The large warships can enter the Baltic Sea only by the Great Belt, as the Little Belt and the Sound are not deep enough for Dreadnoughts. The canal between the North Sea and the Baltic is sufficient, and fortunately, its widening is now going on, but it will not be ready before the end of 1914. If the German fleet succeeds in keeping the Baltic Sea clear, all the German Baltic ports and even Hamburg will remain open, *and Russia will send us our supplies of corn and fodder*

## THE PAUCITY OF MEANS OF TRANSPORT

It is the more important to utilise navigation, that we cannot foresee whence would come the necessary railway-carriages. Already in autumn we are in need of railway-carriages or vans. How could we then transport our huge amount of goods into foreign countries, if the war department takes for a long time all the available

carriages for the military transports towards the West ?

## THE EXPERIENCE OF THE PAST

Merely a few days ago, the press published the news that the closing of the Dardanelles had a very bad influence on our supplies of corn and fodder. The article was as follows : " Manheim, April 19<sup>th</sup> 1912. The Blockade of the Dardanelles and the German corn-trade. The direction of the Exchange of the Products of Manheim sent to-day the following request to the Foreign-Office : By the closing of the Dardanelles, the economical interests of the German trade are very seriously threatened. Our supply in corn and grain is not sufficient, our depending on foreign importation at this moment when the prices are rising and when the political situation is doubtful, is a very important matter. We have to fear a great injury to all our interests if, through the blockade of the Dardanelles, the supplying of grain in Germany must depend more than ever on the arbitrary will of a few export-merchants, and we beg you most earnestly to take the necessary protective steps to stop that national loss. "

*Hamburg, April 21<sup>st</sup> 1912.* — The Union of corn merchants of the Hamburg Exchange sent.

to-day to the Chancellor the following telegram : " Through the continuous want of cereals and fodder , especially barley, very important economical and commercial interests are injured by the blockade of the Dardanelles. A disastrous situation will arise if the closing is continued for a long time. You are earnestly begged to take steps for the prompt reopening of the Dardanelles. "

*Berlin, April 22<sup>d</sup> 1912.* — Answer from the Secretary of State Von Kiderlen-Waechter to the Hanseatic Union (*Hansabund*) through which the Manheim telegram was sent to the Foreign Office : " In answer to your telegram referring to the blockade of the Dardanelles, I inform you that Germany, as a neutral Power, cannot interfere in a war between two other Powers. Yet the German government will consider it a duty to act as the situation requires, for the protection of German interests. "

*I think that this little disorder speaks volumes.* Yet, it is mere **child's play** compared to a strict blockade or the so-called extensive blockade of our ports on the Baltic and the North Sea and of the ports of the Netherlands.

## TWO MILLIARDS OF IMPORTATION OF FOOD IN GERMANY

The supplying of necessary food to the German nation in state of war is of such capital importance that it is our supreme duty to look at that question in the face. In fact, according to statistics, the importation of articles of food and drink may be valued at two milliards a year, everything included, corn, meat, colonial produce, preserves, fruit, wine, tobacco, and so on.

## THE QUESTION OF FINANCES

I have still a few words to say on **the financial question**. It is a chapter, perhaps the most important of all, which can be examined only if one can give it a long time. I cannot do so to-day. What I want especially to do is to enlighten you on our **need of money** in case of war. The money necessary to a fully mobilized army of 3  $\frac{1}{2}$  million men and to the fleet has been valued by experts at £ 350,000,000 a year. (1) To that sum,

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(1) These figures are far below the truth. According to German newspapers the war expenses are now more than £ 40,000,000 a month.

we must add *the money necessary for the help of workmen without bread* in industry, trade and business. In the case of an English blockade, I think that, without counting the men mobilized, we shall not go far wrong in saying that there will be in the Empire **from 6 to 8 millions of paupers**. This may seem an extraordinary figure, but it will not be far from the truth. If we count 50 pfennigs per head and per day, we shall require other enormous sums of money to support our population. Of course, the Empire, the State, the local authorities, the private help organized under the control of the Central financial Institute of the Imperial Bank must and will do their best to improve the situation. Many of us are thinking about our economical situation in 1870-71, but it has changed completely during the last 42 years. From an agrarian nation, we have become now an industrial and commercial State. In this respect, France has remained behind, not only because of her small numbers of births, but also because of her special agrarian character. *Only it has the advantage of us in case of war, through her ports not being blockaded. But there is not the least doubt that she will tax to the utmost the patriotism, the devotion and the intellectual powers of the German people.*



## **GERMANY NEEDS AN ECONOMICAL GENERAL-STAFF**

When I think of that extremely complicated economical situation, I must say that the permanent institution of an economical General-Staff seems to me as needful as that of military one. This new General-Staff ought to be composed of the best representatives of our industry, trade and finance, perhaps under the direction of the Foreign-Office. Such an authoritative body might be efficiently useful, and, in case of war, would prevent us from committing economical blunders of all kinds, owing to its knowledge of those questions, knowledge which is far from being sufficiently spread among the public.

## **ECONOMICAL QUESTIONS ARE FULLY AS IMPORTANT AS MILITARY QUESTIONS**

As a conclusion, Gentlemen, I think you all will agree that *those economical questions have such a huge influence on the fate of our people that they rise fully up to the level of military questions*. Both are intimately connected together, and cannot be any longer considered separately, in their consequences.

## UNEXPECTED CONCLUSIONS

No sacrifice can be great enough to maintain our economical as well as our military security. Germany can make them if she likes. We must again introduce Scharnhorst's principle of universal military service. It is not fitting that, after the enforcement of the latest parliamentary bill, as many as 70,000 men (a number rising, besides, by 10,000 men yearly) should remain every year free from military service, and that, in case of war, a great number of aged and married men should be called to the front when many unpractised young soldiers may stay at home. We must at any price keep up our independence ; it is the cheapest insurance premium which we may pay for ourselves and our economical life. And the German nation is willing to pay everything needful towards that end ; and we want all our children, for our country's sake, to undergo, either in the army or the fleet, a training which will strengthen both their bodies and their souls.

What a young soldier of our great Frederick, what the small, poor, ruined Prussia of 1808 and 1815 has been able to do, the German Empire, the German nation are ready to do likewise. May some favourable fate give them the right men in the right places.

In other words, let every man, every pfennig be offered up to the German army and to the German fleet for the maintenance of our economical and political situation. Then, all our neighbours will keep quiet and we shall no longer read in the *France militaire* — I hardly dare to repeat the words — that the Germans are bluffers.



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